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Business and commercial Aviation

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REAGAN ADMINISTRATION PRODUCT LIABILITY BILL INTRODUCED IN SENATE

Reagan Administration last week proposed legislation aimed at reducing product liability costs, and the measure—the Product Liability Reform Act of 1986—was subsequently introduced in the Senate by Sen. Bob Kasten (R-Wis.). The bill will be substituted for Kasten's earlier S.100 proposal. The Administration proposal incorporates many of the recommendations suggested earlier in a Justice Department study including a return to a fault-based liability system, elimination of joint and several liability in cases where defendants did not act in concert, limits on non-economic damage awards, limits on the percentage of awards that attorneys could collect in contingency fees and provisions for alternative dispute resolutions (BA, March 24/89).

In introducing the bill, which was referred to the Senate Commerce Committee, Kasten said it "attacks the No. 1 problem for consumers in America: the explosion in product liability costs." Kasten said he believes there also should be provisions to limit the liability of nonmanufacturer sellers to only their own negligence and to establish "a firm, fair and fixed statute of repose," that would limit a manufacturer's liability to a certain amount of time following production of a particular product. The Reagan Administration proposal does not contain such provisions.

Backing of the Reagan Administration is expected to improve the chances for passage of product liability legislation, but it is unclear whether Congress will pass a bill this year. A number of different product liability reform measures have been introduced in Congress this year, but hearings have not been held on most of them (see related item on Page 133).

GA GROUPS PUSH FOR MORE REVISIONS IN FRINGE BENEFIT REGULATIONS

General aviation interest groups testifying at last week's Internal Revenue Service hearing on temporary fringe benefit tax regulations said that despite "significant improvements," they still have "some basic differences with the underlying philosophy of the regulations and their complexity," according to Edward Stimpson, president of the General Aviation Manufacturers Association. Most objectionable is the 50 percent seating rule, which considers seating capacity to be "the maximum number of seats that have at any time been on the aircraft while owned or leased by the employer." Revised temporary regulations were published in the Dec. 23 issue of the Federal Register (BA, Dec. 23/201).

Stimpson said that since IRS first published the regulations in December 1984 (BA, Jan. 7, 1985/1), they have been "a negative factor in a severely depressed marketplace for new aircraft." Stimpson said the 50 percent seating rule "fails to consider practical problems of compliance...regular passenger seating capacity can be reduced by modifications, yet such changes are not considered in the regulations."

John Yodice, general counsel for the Aircraft Owners and Pilots Association said the revised regulations were drafted without considering the fact that "85 percent of aircraft weighing less than 6,000 pounds are flown by 'non-professional' pilots." Rules were drafted, he said "without consideration of those pilots." If capacity is measured by occupants, rather than the number of seats, he said, maximum flexibility of a business aircraft can be achieved.

(Continued on the following page)

NOW ONLINE WORLDWIDE

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AIRPORT & AIRWAY TRUST FUND
Status As Of Feb. 28, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 7,298,727,776.59	$ 7,425,506,743.43
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	6,989,000.00	35,831,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	218,000.00	1,125,000.00
2. Non-commercial 9 cents tax	1,767,000.00	13,278,000.00
3. Non-commercial 3 cents tax	564,000.00	4,305,000.00
4. Transp by air,seats,berths,etc.	204,637,000.00	972,400,000.00
Use of international trav fac	7,034,000.00	34,937,000.00
Transp of property and cargo	12,269,000.00	66,843,000.00
Total Tax Receipts	233,478,000.00	1,128,719,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	-141.00	-471.00
2. Any liquid fuel except gas	-1,976,486.00	-6,193,136.00
3. Gasoline -Retailer's tax	0.00	-1,790.00
4. Gasoline -Manufac. tax	0.00	-43,770.00
Total Reimburse For Tax Refunds	-1,976,627.00	-6,239,167.00
Net Tax Receipts	231,501,373.00	1,122,479,833.00
C. Interest on Investments	1,949,293.81	407,346,940.94
Net Receipts	233,450,666.81	1,529,826,773.94
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	-415,442,010.00	366,060,975.34
2. Grants-in-aid for airports	69,643,325.04	399,094,126.96
3. Facilities & equipment	58,128,149.99	272,051,924.76
4. Research engineering & development	21,502,680.50	112,780,722.44
B. NOAA weather services	0.00	6,999,450.00
C. Interest on Refund of Taxes	35.00	55.00
Total Expenditures	-266,167,819.47	1,156,987,254.50
IV. BALANCE - END OF PERIOD	7,798,346,262.87	7,798,346,262.87
ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	313.06	
Operations	-4,975.34	
Grants-in-aid for Airports	648,999.80	
Facilities & Equipment	29,111,359.60	
Research Engineering & Development	13,661,015.75	
NOAA weather services	0.00	
		$ 43,416,712.87
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
10-1/4% maturing JUNE 30, 1986	$ 162,342,000.00	
10-3/8% maturing JUNE 30, 1986	182,369,000.00	
10-3/4% maturing JUNE 30, 1986	7,410,218,000.00	
		7,754,929,000.00
Total Assets		7,798,345,712.87
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 7,798,345,712.87
Total Liabilities and Equity		7,798,345,712.87

Treasury Department Chart